

**REMARKS**

In view of the foregoing amendments and the following remarks, reconsideration of the subject application is respectfully requested. Claims 1, 6, 7, 15, 18, 22-25, 28, and 32 are presently pending in the application. Claims 1, 6, 7, 15, and 22 have been amended to clarify the invention. Claim 31 has been canceled; claims 2-5, 8-14, 16, 17, 19-21, and 29-31 were canceled by previous amendments. All amendments are fully supported by the specification. No new matter has been added.

***Claim Rejections under 35 U.S.C. § 101***

In the Office Action, claims 1, 6-7, and 22-24 were rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter. The Office argues that the claimed invention fails to qualify as a statutory process under “recent Guidelines issued by the Deputy Commissioner” because the claimed methods are not tied to another statutory class and do not transform underlying subject matter to a different state or thing. The Office has not provided a copy of the referenced guidelines, nor has the Office provided any citation that would allow the Applicant to review the guidelines. Applicant respectfully submits that such guidelines, even when issued by the Deputy Commissioner for Patents, are interpretations that do not have the force of law and are therefore an improper basis for a rejection.

However, in the interest of furthering prosecution of the pending claims, independent claims 1 and 22 have been amended to clarify that the steps of the claimed methods are performed using a computer. Applicant respectfully submits that claims 1, 6-7, and 22-24 now recite methods that are tied to a particular machine and are therefore patentable subject matter

under 35 U.S.C. § 101. *See In re Bilski*, 545 F.3d 943, 961 (Fed. Cir. 2008). Withdrawal of the rejection is respectfully requested.

***Claim Rejections under 35 U.S.C. § 112***

In the Office Action, claim 31 was rejected under 35 U.S.C. § 112, first paragraph as failing to comply with the written description requirement. Claim 31 has been canceled; this rejection is now moot.

In the Office Action, claims 15, 18, and 25 were rejected under 35 U.S.C. § 112, second paragraph as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The Office Asserts that the cited claims invoke means-plus-function language, as defined in 35 U.S.C. § 112, sixth paragraph, “where no structure is provided in the specification to support such usage.”

Applicant respectfully submits that the specification discloses sufficient structure to meet the definiteness requirement of 35 U.S.C. § 112, second paragraph. The proper test for meeting the requirement is that the structure corresponding to a means-plus-function claim must be disclosed in the specification itself in a way that one skilled in the art will understand what structure will perform the recited function. *See Atmel Corp. v. Information Storage Devices, Inc.*, 198 F.3d 1374, 1381 (Fed. Cir. 1999). The disclosure of the structure may be implicit in the specification if it would have been clear to those skilled in the art what structure corresponds to the means-plus-function claim language. *See Id.* at 1380. Applicant’s specification recites a number of structural elements, including an analytical server, a data storage device having a plurality of processors, and a data input/output device. *See Specification*, page 7, lines 8-20.

A person skilled in the art to which the invention pertains would readily understand which of the structural elements recited in the specification would perform the functions recited in claims 15, 18, and 25. For example, a person of skill in the art would easily understand that the data storage device could act as the “means for storing a set of compliance rules” and that the analytical server could act a “means for calculating a transaction limit” as recited in claim 15.

Consequently, claims 15, 18, and 25 meet the definiteness requirement found in 35 U.S.C. § 112, second paragraph. The Office argues that “[t]he specification does not explicitly limit the implementation of the ‘means for’ structure using a specific (non-general) computer with a specific algorithm for the stated functionality.” Applicant respectfully submits that there is no such requirement under 35 U.S.C. § 112. Withdrawal of the rejection is respectfully requested.

#### *Claim Rejections under 35 U.S.C. §103*

In the Office Action, claims 1, 15, 18, 22, 25, and 32 were rejected under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent No. 5,893,079 to Cwenar in view of U.S. Patent Application Publication No. 2002/0082979 to Sands and further in view of Official Notice.

Independent claim 1 recites a method of determining the buying power of an investment portfolio for a given security. The method includes storing a set of compliance rules in a database and calculating a transaction limit for a proposed transaction involving the security for each compliance rule. The method also includes sorting the set of compliance rules from most restrictive to least restrictive and displaying a buying power message box showing the sorted set of compliance rules along with the calculated transaction limit for each rule. A rule description box is also displayed with the buying power message box; the rule description box defines how

the transaction limit was calculated. This functionality allows a portfolio manager to quickly ascertain the buying power of a portfolio and to better understand the basis for any transaction limits.

Cwenar recites a computerized data processing system having an external data interface for communicating with nonuser outside sources of investment data to process and deliver the data to a server for storage in a central database. The data delivered to the central database is in the form of data storage tables containing investment data. A data storage table may contain information with respect to an individual security, such as a description of the security, coupon, yield, price, CUSIP number, and issuer of the security. The system also provides a compliance means which serves to compare a proposed trade with a group of rules which can be prioritized with respect to legal or business standards. The system can then provide instructions regarding stopping, delaying, or proceeding with the proposed trade with appropriate records being kept.

Cwenar fails to disclose or suggest displaying a buying power message box showing a list of compliance rules along with a rule description box that defines how a transaction limit was calculated for each compliance rule. The system disclosed in Cwenar allows a user to input rules through an external interface. *See col. 11, lines 44-45.* The rules may be stored on a local computer or in a central database. *See col. 11, lines 46-51.* The rules can be based on legal requirements, *see col. 12, lines 6-7,* or can be discretionary and customized to the preference of a user. *See col. 12, lines 40-42.* When a transaction is found to violate the rules the trade is stopped, and an audit trail report is prepared. *See col. 12, line 27-29.* If the transaction is found to be consistent with the rules, the trade proceeds and a user receives a compliance approval report. *See col. 12, lines 41-47.*

Cwenar simply does not disclose the step of displaying a buying power message box listing compliance rules together with a rule description box showing how transaction limits for the compliance rules were calculated. The system of Cwenar may terminate a transaction that is found to violate the rules and generate an audit report indicating that the rules were violated. However, the system described in Cwenar does not provide a portfolio manager with the description of how the rule was calculated, and so does not allow the portfolio manager to quickly identify alternative opportunities and decide what actions should be taken during the trading process.

The assertion by the Office that the audit trail reports are somehow equivalent to displaying a rule description box that defines how a transaction limit was calculated is simply not supported by the disclosure of Cwenar. Cwenar indicates that “if a violation of the legal rules is found to exist, the next action is to prepare an audit trail report **or record of the event** 163 and to stop the trade...” *See col. 12, lines 28-30 (emphasis added).* In other words, the audit report is simply a record, for future retrieval, created to show that a user of the system described in Cwenar attempted to initiate a trade in violation of one or more rules. The record is made available to management and may not even be accessible to the user who violated the rules.

The reliance on an extrinsic source to arbitrarily broaden the scope of the Cwenar reference is improper. The Office cites a business dictionary (Friedman, Jack, “Dictionary of Business Terms”, 2000, Barron’s Educational Series, Third Edition, page 42) that defines an “audit trail” as “a step-by-step record by which accounting data can be traced to their source” and concludes that “therefore an audit trail would describe in detail how a transaction limit for a compliance rule was calculated.” This conclusion is not justified by the limited disclosure of Cwenar. As explained above, the system of Cwenar produces a report or record indicating that a

trade was attempted in violation of predetermined rules. There is no support in Cwenar for the assumption that the reports produced by the system show in detail how transaction limits for compliance rules were calculated. For at least these reasons, claim 1 and all claims depending from claim 1 are patentable over Cwenar.

Sands fails to overcome the deficiencies of Cwenar. Sands discloses a system for pre-trade compliance checking in a mutual funds portfolio management process. The system allows a trader to determine what actions are available with regard to compliance before any trades are entered into a portfolio management system. *See page 2, paragraph [0038].* Specifically, the system is designed to ensure that trades are in compliance with Rule 2a-7 of the Investment Company Act of 1940. *See Id.; page 1 paragraph [0005].* The system of Sands may include a detail window that displays the details of the rules applied to each trade, along with the limits associated with each rule. *See page 12, paragraph [0313].*

Sands fails to disclose or suggest displaying a rule description box that defines how a transaction limit was calculated. The system disclosed in Sands is designed to work “behind the scenes” to deliver information to a presentation layer that displays the information to a user. *See page 13, paragraph [0323].* In other words, the system fails to provide the additional information of how the limits were calculated.

The Office has indicated that it has given “no patentable weight to particular arrangements of data on a display that are non-functional descriptive material” such as “a rule description box.” Applicant respectfully submits that displaying a buying power message box showing a sorted set of compliance rules and the calculated transaction limit for each rule together with a rule description box that defines how the transaction limit was calculated allows a portfolio manager to quickly ascertain the buying power of a portfolio and to better understand

the basis for any transaction limits. *See Specification, page 10, lines 5-11.* In other words, the arrangement and contents of the buying power message box and the rule description box requires a functional interrelationship among that data and the computing processes performed when utilizing that data. Consequently, these elements should be given patentable weight.

Because Cwenar and Sands, either individually or in combination, fail to disclose or suggest displaying a buying power message box along with a rule description box that defines how the transaction limit was calculated, claim 1 is patentable over Cwenar and Sands.

Independent claims 15, 22, and 25 each recite means for or the step of displaying a rule description defining how a transaction limit was calculated. Thus, for at least the reasons given above with regard to claim 1, claims 15, 22, and 25 are patentable over Cwenar and Sands, either individually or in combination. Claim 32 depends from independent claim 1; claim 18 depends from independent claim 15; at least by virtue of their dependencies, claims 18 and 32 are also patentable over Cwenar and Sands.

In the Office Action, claims 6, 7, 23, and 24 were rejected as being unpatentable over Cwenar in view of Sands, and further in view of U.S. Patent Application Publication No. 2004/0220872 to Pollock. As outlined above, Cwenar and Sands, either individually or in combination, fail to disclose or suggest each element recited in independent claim 1. Claims 6 and 7 depend from independent claim 1 and so are patentable over Cwenar and Sands for at least the reasons given above in regard to claim 1. Claims 23 and 24 depend from independent claim 22 and are patentable over Cwenar and Sands for at least the reasons given above regarding claim 22.

Pollock fails to overcome the deficiencies of Cwenar and Sands. Pollock discloses methods for lending based on an asset and securitization of loan interests. The Office relies on

Pollock solely for its disclosure of receiving a proposed nominal value of an appreciation loan associated with an appreciating asset, and determining whether the nominal value meets guidelines of a lender. Pollock does not disclose or suggest the step of displaying a rule description box that defines how the transaction limit was calculated. For at least this reason, claims 6, 7, 23, and 24 are patentable over Cwenar, Sands, and Pollock, either individually or in combination.

In the Office Action, claims 28 and 31 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,820,069 to Kogan in view of U.S. Patent Publication No. 2002/0059107 to Reich, and further in view of Cwenar.

Independent claim 28 recites a system for facilitating trade entry and portfolio management. The system includes a user interface interacting with a control program, a data storage device, and a processor. The user interface includes a financial security section displaying the name of a security as well as data associated with the security; a portfolios section displaying data retrieved from the data storage device, the data including a selectable list of investment portfolios and a buying power limit for the security associated with each of the investment portfolios; a buying power module displaying a list of compliance rules retrieved from the data storage device and a transaction limit calculated by the processor, the transaction limit being associated with each compliance rule; and a rule description section of the user interface displaying how the transaction limit was calculated. The compliance rules and associated transaction limits are listed from lowest transaction limit to highest transaction limit in the buying power module and are applicable to a currently selected investment portfolio in the portfolios section.

Kogan discloses a memory server that executes queries to determine compliance with rules by using a rule definition language. *See* col. 2, lines 46-66. The memory server may be used in determining compliance for securities trading. The Kogan reference describes, in great detail, the implementation of the rule definition language on the memory server. However, Kogan describes only a general-purpose computer system and user interface. *See* cols. 14 and 15; Kogan fails to disclose or suggest a user interface with features that include a financial security section, a portfolios section, a buying power module, and a rule description section, as recited in independent claim 28. For example, Kogan does not disclose or suggest a rule description section displaying how a transaction limit was calculated.

Reich fails to overcome the deficiencies of Kogan noted above. Reich discloses a system for automating transaction compliance checks via a computer communications system. In particular, the compliance system includes a rules processing engine that has access to predefined sets of compliance rules, profile information used to determine which compliance rules apply to a given request, and other information, such as trading history. *See* page 1, paragraph [0008]. A list server is connected to list storage areas and to the rules engine and is configured to process the information in the restriction lists and indicate, in response to a query from the rules engine, which restrictions are relevant to a given request. *See* page 1, paragraph [0009]. The system described in Reich may be connected to or integrated with an electronic trading system. The system can be implemented using conventional electronic circuitry or in computer hardware, firmware, software, or in a combination of these technologies. *See* page 6, paragraph [0061]. Although Reich describes in general terms the back-end functions of an automated compliance checker, Reich fails to disclose or suggest a user interface having the specific features recited in independent claim 28.

The Office acknowledges that both Kogan and Reich fail to disclose or suggest displaying details of how a transaction limit was calculated, but asserts that the disclosure of audit trail reports “would describe in detail how a transaction limit for a compliance rule was calculated.” As explained above with regard to claim 1, this assertion is not supported by the disclosure of Cwenar. Consequently, claim 28 is patentable over Kogan, Reich, and Cwenar, either individually or in combination.

### **CONCLUSION**

It is respectfully submitted that each of the pending claims in the application, namely claims 1, 6, 7, 15, 18, 22-25, 28, and 32, is directed to patentable subject matter. Allowance of all pending claims in the application is earnestly solicited.

The Director is hereby authorized to charge any deficiency in the fees filed with this paper (or with any paper filed in this application by this firm) to our Deposit Account No. 04-1105, under Order No. 59004(49357).

Respectfully submitted,

Date: July 17, 2009

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